

AN ANALYSIS OF IOWA'S SIX HOME AND COMMUNITY-BASED SERVICES WAIVERS

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The Iowa Department of Human Services (DHS) engaged the National Association of State Directors of Developmental Disabilities Services to conduct a review of the state's six Medicaid Home and Community Based (HCB) waivers. The full report analyzes the design, structure and operation of the waivers, offering recommendations for consolidating and streamlining the waivers. This executive summary combines some of the significant recommendations from the report, particularly those dealing with quality assurance, compliance with federal Medicaid regulations and cost containment.

Departmental Organization and Responsibilities

In order to assure effective coordination and management as well as comply with federal regulations requiring that the Single State Medicaid Agency retain oversight of certain Medicaid functions, explicit agreements should be in place regarding each division's responsibilities concerning the waivers.

- DHS should review all existing interagency and intra-agency agreements and memoranda of understanding to assure that they fully cover all the roles and responsibilities that pertain to the waivers, including oversight and monitoring, provider qualifications and expected outcomes.

State/Local Issues

Iowa operates the human services system in partnership with counties. Given the myriad of programs and funding streams, the roles, responsibilities, and expectations for the state and counties vary from program to program. For effective management, both partners need a clear understanding of the roles and responsibilities of the state and counties, as well as expected outcomes. This also pertains to agreements with providers, as both the state and county contract with providers. This clarity is also important for compliance with Medicaid waiver regulations regarding oversight and management of the waiver as well as compliance with assurances regarding health and welfare. To achieve this:

- DHS and the counties should review the county management plans regarding the waivers to assure that they are explicit as to roles and responsibilities.
- Provider contracts, whether written by the state or county or any other entity, should follow the same format and have the same quality and outcome requirements, and sanctions for non-compliance.

Funding and Equity of Access

Like most states, Iowa uses funding from a variety of federal, state and local sources. This mixture of funds results in inequities across the state in terms of the resources available to fund community services. An unintended effect of these funding inequities may be non-compliance with the Medicaid requirement that states operate Medicaid funded programs on a statewide basis. With this in mind, to increase funding and access to the waivers:

- DHS should continue the efforts to improve funding equity across the state to ensure that waiver services are available to all consumers eligible for the waiver, even if services are not directly provided in each county;
- DHS should conduct an in-depth analysis of what types of potentially waiver coverable services are purchased for waiver eligible individuals. The funds currently used for purchasing these services could serve as the state's match for federal Medicaid funds, thus increasing resources and potentially funding equity across the state.
- DHS should immediately amend the existing MR and Physical Disabilities waivers to include day habilitation, transportation (MR only, covered under PD), and other coverable day and vocational services currently funded through state and local funds.
- As another means to increase the use of federal funds, DHS and the counties should conduct a review of individuals currently served with state or local funds to ascertain if additional federal funds can be leveraged for their services.

- DHS should explore including persons with developmental disabilities who are not mentally retarded in the core group eligible for services through state and/or county funding. Some of these individuals are already served through a variety of “back-door” methods such as through the Physical Disabilities waiver, the Brain Injury waiver and the Ill and Handicapped waiver. Upfront inclusion of these individuals would improve equity of access to waiver services. Additionally, some counties already fund these individuals with county-only funding which could serve as match for federal funds through the waivers.

Portability/ Residency

Medicaid regulations stipulate that the benefit ‘belongs’ to the consumer and thus follows the person if the person moves. Medicaid regulations further stipulate that a person may freely choose among qualified providers, regardless of location. With this in mind,

- DHS and its various partners should move to resolve any issues around county of legal settlement and residency that compromise the portability of the Medicaid benefit and the individual freedom of choice of providers.

Title XIX Case management

The case management system is complicated, with multiple funding streams and multiple entities providing case management. This leads to a high degree of complexity in the system and potentially ineffective use of Medicaid financing for case management services. Additionally, the policy permitting entities providing case management to also deliver direct services increases the potential for conflicts of interest that may compromise quality.

- Case management responsibilities should be reviewed with consideration given to consolidating the multiple funding streams and entities providing case management.
- As a means to increase funding, DHS should analyze the expenditure of state and local funds for case management services that are coverable under Medicaid (including the new option to cover 180 days of service prior to placement from an institutional setting). In conjunction with stakeholders, DHS should explore the Medicaid financing options—State plan option, waiver and administrative case management—to determine which option makes the most sense for each target group.
- Given that caseload size ranges widely with some as high as 300, DHS should aggressively pursue additional funding for its service workers in order to lower caseload ratios until such time as decisions are made regarding the entire case management system. This is critical in light of recent HCFA concerns with other states’ quality assurance capacity.
- DHS should carefully review—with stakeholder input—the policies around permitting case management providers to deliver direct services to persons they case manage as this policy may constitute a conflict of interest.

Quality Assurance/Quality Compliance

On July 11, 2000, HCFA unveiled the new, “Regional Office Protocol for Conducting Full Reviews of State Medicaid Home and Community-Based Services Waiver Programs”. The HCFA Protocol focuses heavily on state’s activities around the assurances states agreed to in their approved waiver applications. There is particular emphasis on assuring health and welfare, access to services and the assurances regarding consumers rights. HCFA uses this Protocol to assess state performance and compliance with waiver regulations, as well as the details of the approved waiver application. The following recommendations offered reflect essential elements of the HCFA Protocol.

- As suggested in the HCFA Protocol, DHS should compile a Quality Assurance Manual that includes the quality assurance activities of state, county and provider staff performed on behalf of waiver participants for each of the waivers. Putting these materials together in one place would also serve as a means to review current practices against HCFA expectations, as well as expose any gaps in activities for specific waivers.

- Based on the HCFA expectation that there be evidence of consumer input into the implementation and evaluation of the waivers, consumer satisfaction information should be consistently collected and analyzed for all the populations served through the waivers.
- Based on the HCFA requirement that states have effective systems for collecting data, analyzing and acting on incidents of abuse and neglect, DHS should assess the quality and comprehensiveness of information collected on the central abuse registries for children and adults.
- DHS should review policies, procedures and activities for each of the waivers, using the Outcome-Based Review as a general guide, to determine whether proper policies, procedures and actual reviews are in place assuring consumers understand and exercise their rights.
- DHS should review the policies and procedures for examining deaths that occur in all community settings to ensure that a process is in place to investigate deaths and to develop appropriate prevention strategies from those investigations.
- In addition to compiling and reviewing incidents of abuse and neglect, Iowa DHS should pursue a system that reports and analyzes "critical incidents" in order to assure safety and well-being and as a means to target intervention and prevention efforts.
- DHS should explore instituting an Outcome Based Review process for all waivers similar to that used in the HCBS-MR waiver, taking into account the availability of labor and other resources.
- Although there is evidence that DHS reviews and verifies provider qualifications and quality assurance activities, a review of procedures and activities for assuring provider qualifications and performance against the items in the protocol may be worthwhile.

Recommendations Specific to the Waivers

DHS operates six waivers with distinct service menus, target groups, case management processes and other policies. To improve the effective management of the waivers, DHS should consider consolidating the waivers in the following fashion:

- Expand the MR waiver into a DD waiver in order to accommodate individuals with developmental disabilities such as persons with autism spectrum disorders or brain injury.
- Create a Nursing Facility (NF) waiver, serving all individuals who meet either an intermediate or skilled NF level of care.
- Serve those individuals currently being served through the Ill and Handicapped waiver or Physical Disabilities waiver in the DD waiver or NF waiver.
- With stakeholder input regarding programmatic impact, review collapsing the BI waiver into the DD and NF waivers (the latter would provide a funding mechanism for services for persons with brain injury who do not meet the DD definition in terms of age of onset).
- Review the cost implications of serving individuals with BI on the other waivers to ascertain if the funding levels in the NF waiver would be adequate.
- Consider retaining the AIDS/HIV waiver due to the special nature and cost considerations of this population.

Eligibility

Iowa commendably covers many of the optionally eligible groups under Medicaid and the waivers, including some individuals eligible under the new federal Ticket to Work and Work Incentives Improvement Act (TWWIIA) provisions.

- Building on this step, DHS should review all of the new TWWIIA categories for non-SSI eligible working individuals. These new options, coupled with the supports offered through the waivers, are of great benefit to individuals with disabilities who wish to work, but are afraid of losing essential services such as Consumer Directed Attendant Care and other waiver services due to earned income.

Level of Care

The process for determining Level of Care is very labor intensive requiring extensive professional evaluation and completion of narratives. Some states use a functional screen or assessment (as is used in Iowa's MR, Physical Disability, and Brain Injury waivers) to establish Level of Care, reserving the narrative information for the person-centered planning process.

- As DHS looks toward consolidating the waivers, it would make sense to pursue a simplified level of care screening, particularly for the nursing facility level of care.

Covered Services

While it is appropriate to tailor the service menu to the target group served, there are service gaps in some waivers, while others cover services that are not used. DHS should review the existing service menus giving consideration to expanding the supports and services covered under each of the waivers. This would permit greater flexibility in designing individualized services. Specific changes might include:

- Offering habilitation services to individuals with brain injury and individuals with physical disabilities who meet the nursing facility level of care.
- Offering a variety of skilled services such as nursing, counseling, nutritional counseling, and behavioral programming under all the waivers.
- Making assistive devices, home and vehicle modifications and specialized medical equipment available to more populations.
- Allowing for the inclusion of "non-traditional service providers" and, as a second phase,
- Redefining all the current discrete categories into definitions that afford more flexibility over the types of services (and potentially types of providers) permitted under the waivers.

Resource Allocation and Cost Containment Strategies

States have a responsibility to assure cost-effectiveness. In terms of federal regulations this means the average annual cost of waiver services (across all participants) cannot exceed the cost for institutional care for individuals at the same level of care. At the state level, cost-effectiveness means working within the budget appropriations. States use a variety of methods to achieve cost containment, some of which limit consumer flexibility. Below are a number of recommendations that would increase flexibility for consumers without compromising cost controls.

- Remove service-specific and monthly caps and institute annualized caps as a way of increasing the flexibility of the waivers. Permitting individuals to work within an annual cap—in effect, an annual "budget"—would allow more individualization and ability to match service intensity to changing needs.

DHS presently manages the waivers under "hard caps". This means that, even if funds are available, the state cannot serve any more individuals than indicated in its waiver application unless the state submits a formal amendment to HCFA. Waiver regulations permit states to manage their waiver "within available appropriations", which allows the number of individuals served to increase if funds are available. HCFA does require that the state set a minimum number of individuals they plan to serve each year, but allows states to revise the number either up or down through a letter, rather than a full-blown amendment. To increase the flexibility and assure that the state uses all appropriated funds (including county funds as they become available for match),

- DHS should revise the waivers to reflect that they will manage them using the "within available appropriations" option in order to increase flexibility and access while still maintaining cost controls.

Other fiscal management practices that increase flexibility and capacity to serve individuals include the following actions:

- Managing the waivers using an aggregate average, rather than setting “hard” caps on individual expenditures, either on a monthly or annual basis, as long as the waiver overall is cost effective and within budget parameters set by the Legislature.
- Permitting counties, at the local level, to manage to an average cost per person, as long as the expenditure does not exceed their budgets and, in aggregate, the entire waiver budget.